

# American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends.  
—James Monroe

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## Economic Position Of South Examined

Whole Nation Suffers as Result of Section's Conditions of Economic Inferiority

### PROBLEMS ARE DEEP-SEATED

Ways Are Sought of Raising Living Standards and Increasing the Prosperity of Region

At no time since the close of the Civil War have the problems of the South received more attention from the entire nation than they are commanding at the present time. Efforts are being made, both under the auspices of the federal government and of the various state governments of the region, as well as by the southern people themselves, to raise the living standards of the 13 southern states and place that section on a more equal footing with the rest of the nation. Studies have been made of the needs of the South and proposals have been considered to solve the social and economic problems confronting it. The whole problem was brought squarely before the nation last summer when the President declared: "It is my conviction that the South presents right now the nation's number 1 economic problem—the nation's problem, not merely the South's. For we have an economic unbalance in the nation as a whole, due to this very condition of the South."

### The South's Problem

What is the nature of this problem, which the President has referred to as the nation's foremost economic problem? It is simply that the South is—and has been ever since the Civil War—the least prosperous section of the United States. The standard of living of the people is lower. Both agriculture and industry occupy positions of inferiority to those of any other section of the nation. As the special committee appointed by the President to study the problems of the South reported:

Ever since the War Between the States the South has been the poorest section of the nation. The richest state in the South ranks lower in per capita income than the poorest state outside the region. In 1937 the average income in the South was \$314; in the rest of the country it was \$604, or nearly twice as much.

Even in "prosperous" 1929 southern farm people received an average gross income of only \$186 a year as compared with \$528 for farmers elsewhere. Out of that \$186 southern farmers had to pay all their operating expenses—tools, fertilizer, seed, taxes, and interest on debt—so that only a fraction of that sum was left for the purchase of food, clothes, and the decencies of life. It is hardly surprising, therefore, that such ordinary items as automobiles, radios, and books are relatively rare in many southern country areas.

For more than half of the South's farm families—the 53 per cent who are tenants without land of their own—incomes are far lower. Many thousands of them are living in poverty comparable to that of the poorest peasants in Europe. A recent study of southern cotton plantations indicated that the average tenant family received an income of only \$73 per person for a year's work. Earnings of share-croppers ranged from \$38 to \$87 per person, and an income of \$38 annually means only a little more than 10 cents a day.

The South's industrial wages, like its farm income, are the lowest in the United States. In 1937 common labor in 20 important industries got 16 cents an hour less than laborers in other sections received for the same kind of work. Moreover, less than 10 per cent of the textile workers are paid more than 52.5 cents an hour, while in the rest of the nation 25 per cent rise above this level. A recent

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PRIMITIVE WARPING IN INDIA

Hand labor has an important place in the social and economic structure, where people are numbered by the millions.

## India Disturbed By Population Problem

Population of 400,000,000 Seen by 1940 if Present Rate of Increase Continues

### CONSTITUTION ISSUE IS UP

National Congress Party Indicates Stronger Methods as Radicals Displace Gandhi Faction

As the keystone of those regions of the British Empire lying east of Suez, India naturally occupies a place of importance in world affairs today. Because of her great size, her resources, her many people, because of strategic considerations and of real or imaginary penetration by agents of such foreign powers as Japan and Russia, India continues to be that which in the British mind she always has been—a problem. How can India best be governed with the least trouble and expense? How great is the danger of native uprisings? How can Russians and Japanese best be kept out? How can Britain extract profits from her hold over India, and at the same time avoid competition by Indian industry? These are questions of prime importance to a colonially minded Britisher. The answers are vague, and do not satisfy him. They never have satisfied him. But the questions still persist.

### Population Problem

Within India, however, most of these questions will be dismissed as relatively unimportant. A much more pressing matter is occupying the attention of Indian leaders today—that of population. In 1920 India had some 340,000,000 people. Today she has somewhere between 380,000,000 and 390,000,000 (with an increase of several million every year, no census can keep up to date with exact figures). Within a few years India will probably pass the 400,000,000 mark unless there is some radical change in the present rate of increase—an increase that is unprecedented in modern history.

Such an increase might not be a serious problem if there were enough land and sufficient advancement in the fields of agriculture, industry, and commerce to support it, or, if there were means for emigration. But what foreign nation or nations have been willing to absorb the increase of 75,000,000 over a period of 20 years—a number nearly equal to the population of Germany? And there is some question as to whether India itself can support such a population for very long without some radical change of existing institutions.

A brief examination of the currents and crosscurrents in India will reveal at least some of the difficulties that block a concerted effort to solve all India's problems by all India's people. First, although India is large—stretching from the great mountain barrier of the Himalayas in the north, south into tropic seas—it is not large enough. Its area, which must support a population three times that of the United States, is only equal to that part of the United States lying east of the Rocky Mountains. Secondly, the great numbers of people scattered through 750,000 villages are far from a political, religious, or social unity. That there are two large religious groups consisting of about 85,000,000 Moslems, and 250,000,000 Hindus, tells only half the story. These religions, and a few others of less importance, are

(Continued on page 3)

## Hindrances to Study

By WALTER E. MYER

A student who expects to do good work must be on guard against certain handicaps which frequently stand in the way of successful effort. One of these hindrances is the disposition to put things off. Most of us procrastinate more or less, but it is a costly practice. One who has a difficult lesson to prepare is likely to postpone action on it as long as possible. During the entire period of delay, the postponed job hangs over the student like a cloud. It keeps him from being efficient at anything else. Valuable time is lost, and, if the habit of postponing action grows, as it is likely to do, it leads to inefficiency and weakness. When there is a lesson to prepare, get at it.

Another handicap, similar to procrastination, is planlessness. One may not consciously put things off, but may fail to get at his tasks because he does not budget his time. He may spend a considerable amount of time on one lesson, and not have enough left for his other tasks. He loses time going from one job to another. All this could be avoided if he would make out a list of the tasks to be performed during the day or week. A decision can be reached about the amount of time which should be given to each lesson or each job. A schedule may be prepared, fixing a time for each piece of work which is to be done. The schedule should then be respected. One should hold to it as nearly as possible. The existence of the schedule makes for regularity in work. It is a pleasure for one to stick to his job, doing one task after another according to definite plan.

A third handicap is the very common failure to concentrate. A student sets himself to the job at hand, and holds to it for a while. Then his mind wanders. He reads half a page, perhaps, without actually being aware of the content of the page. He does not know what he has read. While his eye has been running down the page, his mind has been on something else. All of us are guilty of such mental wandering to a certain extent, but some are more deeply affected than others. If one finds it hard to concentrate, he may develop better habits in a number of ways. It is often helpful for one to time himself when he reads. When you pick up your book, you may decide how much time you can reasonably expect to spend in reading a page. Then see to it that you finish in time and that you know what you have read. If you do not finish on time, or if you are vague about the contents of your reading, try again, and hold your mind to the page by act of will. It would be a mistake to do all your reading in this way. It would kill your enjoyment and make you too mechanical. But you may do well to check on yourself for a while.

The hindrances to study which have been outlined are not the only ones a student meets, but they are frequently encountered. If they are conquered, the student will be better prepared to meet other difficulties which may present themselves.



## Facts About Magazines

### X. Forum

IN March 1936, the magazine *Forum* celebrated its fiftieth anniversary. It was founded in 1886 by Isaac L. Rice and first edited by Loretta Sutton Metcalf, who resigned from the editorship of the *North American Review* to launch the new periodical. During the half-century period since its beginning, *Forum* has undergone many changes and adopted many new policies. Today it occupies a prominent position among the so-called quality magazines of the nation.

The early success and eminence of the magazine was due in no small part to the editorship of Walter Hines Page, best known to students of American history as ambassador to Great Britain during the critical period of the World War. Mr. Page became business manager of *Forum* the year after it was founded, and in 1891 became its editor. He left in 1895 to join the *Atlantic Monthly*. For two years, Mr. Rice himself edited the magazine. In 1902, the magazine was made into a quarterly, in which form it was published for six years. Under the editorship of Frederick T. Cooper, *Forum* was once more made into a monthly, with a definite literary slant. In the July 1908 issue, the first installment of Joseph Conrad's "The Point of Honor" appeared in *Forum*.

During the 50 years of its existence, *Forum* has published writings of such eminent authors as Henry James, Anatole France, D. H. Lawrence, Jack London, Julia Ward Howe, James Bryce, Charles Francis Adams, John Galsworthy, Woodrow Wilson, Theodore Roosevelt, Pearl S. Buck,

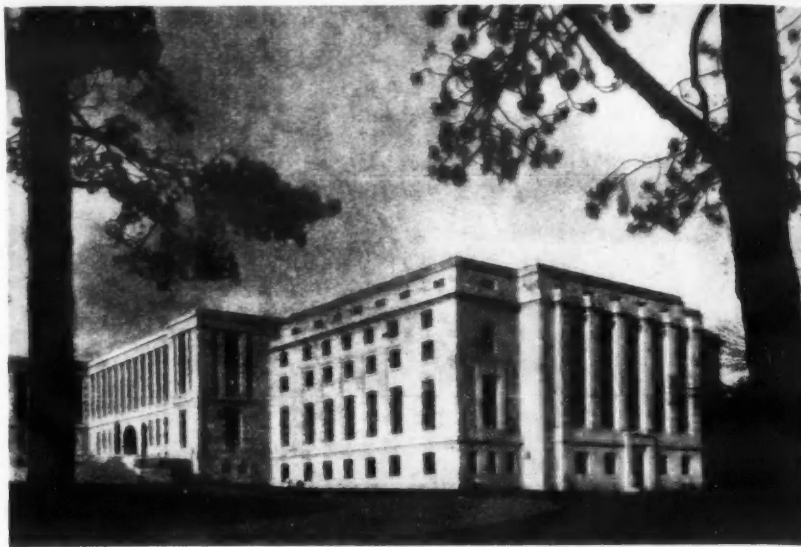
Magazine of Controversy" was added. The fundamental purpose of the magazine was stated by Mr. Leach as follows, upon the completion of 10 years as editor:

For 10 years the *Forum* has been "the magazine of controversy." We have espoused no cause; we have believed that we could best serve the public in this era of confused council by giving every convinced opinion its day in court. We have done this in order to stimulate technological habits of thought and open to our readers the way to reality and truth. Subjects hitherto closed to popular journalism have been discussed fearlessly in the *Forum*, and, we hope, in good taste. At times, no doubt, in order to be fair, we have given the freedom of the printed page even to the Devil's advocate.

In pursuance of this stated objective, *Forum* frequently publishes, either in the same issue or in succeeding issues, directly opposite points of view on the same subject. For example, in last month's issue, the subject, "Is Ghost Writing Dishonest?" was debated by Raymond Clapper and J. George Frederick. Controversial subjects dealing more directly with public policy are similarly handled from time to time in the pages of the magazine.

A single issue of *Forum* covers a wide range of subjects, some of them bearing upon national and international affairs, others emphasizing strictly human, personal problems. It should not be assumed that the entire magazine is devoted to controversial topics. Considerable space in each issue is given to fiction and poetry and literary essays. There are excellent articles on literary criticism—more than mere book reviews—by Mary M. Colum. While not to be regarded as a monthly news magazine, *Forum's* articles do keep readers abreast of contemporary thought in a wide area.

Articles which have recently appeared in *Forum* cover such subjects as the Nazi policy toward the Catholic Church, anti-Semitism in America, the last days of the old Czecho-Slovakia, the American press, slum clearance, Wall Street, taxation, and a number on more personal and human problems, together with the regular sections on books, the theater, art, and so on. While most of the articles are less exhaustive than those appearing in certain of the other monthly magazines, they do furnish a cross section of present-day thought.



C. E. BOESCH PHOTO  
VIEW OF THE LIBRARY OF THE LEAGUE OF NATIONS BUILDING IN GENEVA

## Union of Democratic Countries Is Advocated in Much-Discussed Book

FEW books in recent years are likely to have stirred up more discussion than the debate which will center upon Clarence K. Streit's "Union Now" (New York: Harpers, \$3). Already the proposals set forth are being commented upon and argued back and forth by leaders of thought in many countries. In significance "Union Now" has been compared with *The Federalist*, and not to the disadvantage of Mr. Streit's book.

Mr. Streit, recognized as one of the nation's leading journalists, advances his proposal after years of thought, study, and meditation on the problems connected with the maintenance of world peace. He has had newspaper experience in a score of nations and for nine years was New York Times correspondent from the League of Nations at Geneva, where he was a firsthand witness of the decline and final collapse of that gigantic experiment to create a new world order and establish machinery for permanent peace.

If the world is ever to have lasting peace, the author contends, the democracies must unite. They must form a political union, just as the 13 American sovereign states were obliged to unite in 1787, after the breakdown of the "League of Friendship"

of the Articles of Confederation. They would have to sacrifice a degree of their national sovereignty and independence to a central authority, but in so doing, would erect a bulwark so strong and invulnerable as to make war impossible.

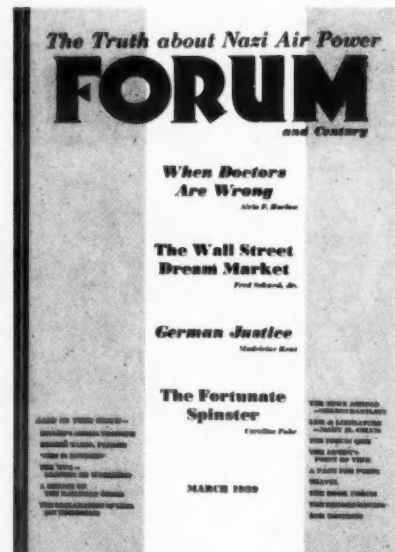
At the beginning, the democratic powers of the North Atlantic region—the United States, the United Kingdom (with Canada, Ireland, Australia, New Zealand, and the Union of South Africa), France, Belgium, The Netherlands, Switzerland, Denmark, Norway, Sweden, and Finland—would form the nucleus of the Union.

Among these 15 powers, there is already a strong basis upon which to build the union. First and foremost, they share the "democratic principle of government for the sake of individual freedom." None of these nations has been at war with any of the others since more than 100 years. They all fear war at present, not from any of the others but from outside powers. Mr. Streit adds:

These few include the world's greatest, oldest, most homogeneous and closely linked democracies, the peoples most experienced and successful in solving the problem at hand—the peaceful, reasonable establishment of effective interstate democratic world government. Language divides them into only five big groups and for all practical political purposes, into only two, English and French. Their combined citizenry of nearly 300,000,000 is well balanced, half in Europe and half overseas.

The limitations which would be placed upon the sovereignty would be fivefold. First, there would be a common citizenship in the Union of the North Atlantic; second, a union defense force; third, a union customs-free economy; fourth, a union currency; fifth, a union postal and communications system. In all other respects, the nations would be independent and autonomous. "The Union would guarantee the right of each democracy in it to govern independently all its home affairs and practice democracy at home in its own tongue, according to its own customs and in its own way, whether by republic or kingdom, presidential, cabinet, or other form of government, capitalist, socialist, or other economic system." Admission of other states would be contingent upon a nation's guaranteeing to its citizens a minimum bill of rights prescribed by the Union.

Only the barest outlines of Mr. Streit's bold proposal have been given here. That it is a startling, perhaps fantastic, idea, few would deny. Yet the objective of outlawing war and creating a stable and peaceful world order is more deeply desired by individual men and women in all nations than any other single thing. The same hope and aspiration was expressed at the close of the World War in the League of Nations concept which failed, Mr. Streit contends, because it was a league of independent nations. To be successful, there must be political union, and he believes that the American states pointed the way more than a century and a half ago.



(REPRODUCED THROUGH COURTESY OF FORUM)

H. G. Wells, Albert Einstein, George Bernard Shaw, Eleanor Roosevelt, G. K. Chesterton, Willa Cather, Paul de Kruif, Philip Guedalla, and many others of equal eminence and distinction.

The present editor of *Forum* is Henry Goddard Leach, who has held his position since May 23, 1923. In taking over the editorship of the magazine, Mr. Leach determined to make it a vital organ in which the really fundamental issues of American life might be discussed. The subtitle, "A

## With the Magazines

"Who Chooses Our Wars?" by Drew Pearson. *Collier's*, March 4, 1939, pp. 12-13, 48-50.

Writing from behind the scenes in Washington, Mr. Pearson charges that our Neutrality Act has become nothing more than a political weapon used by diplomats as they see fit. He gives examples from the Ethiopian, Chino-Japanese, and Spanish wars in which the Act was ignored or used unfairly. He concludes that we can never isolate ourselves as a nation by fixed legislation and the sooner we can get rid of the existing law the better.

"An American in Lhasa," by Theos Bernard. *Asia*, March 1939, pp. 141-144.

Theos Bernard gives a glimpse into the strange and mysterious city of the Lamas in Tibet in this description of his visit to Lhasa. His article does not pretend to deal with economic or political conditions in Tibet, because, as he explains, Tibet is probably the only place in the world where spiritual life is all important. To those interested in faraway places and unknown peoples this article will be an excursion into another world.

"Our Eyes Turn Intently to Sea Power," by Hanson W. Baldwin. *New York Times Magazine*, February 19, 1939, pp. 1-2.

With our present status and trade interests, says this writer, we cannot afford to overlook the importance of adequate sea power. He believes that an efficient navy, strategic bases, and an adequate merchant marine are necessary not only for defense but as an economic weapon to keep trade lines open. Furthermore he thinks that we would do well to modernize our equipment since submarines and airplanes have changed the outlook for sea power.

"Sulfanilamide," by John Pfeiffer. *Harpers*, March 1939, pp. 386-396.

This article gives the story of a great medical discovery—the chemical, sulfanilamide. Although the use of this drug is still in the state of experimentation, this report shows that it has already been effective in combating such diseases as pneumonia, skin diseases, scarlet fever, epidemic meningitis, acute tonsillitis, and many others. The writer basing his article on material furnished by the research of many chemists and doctors, gives the history of the drug, describes various experiments that have been made with it, and predicts it will become one of the most valuable new weapons against infectious disease.

"Fast Freight," by Gilbert H. Burck. *Scribners*, March 1939, pp. 25-27, 40-41.

Swift overnight freight trains are the subject of Mr. Burck's article. He describes a trip he made on one of them and he tells of their fight with long-distance hauling trucks. The railroads as a whole, he says, are beginning to realize their weaknesses and to improve their services.

"The Press Can Do No Wrong," by H. L. Smith. *Forum*, February 1939, pp. 82-88.

The thesis of this article is that the newspapers of the United States are failing to perform their function as guides to social and economic change in this country. More than that, the writer says that their publishers actually succeed in suppressing, twisting, and misrepresenting the news that they print. It is Mr. Smith's belief that the press can no longer afford to ignore the growing distrust of the public if it wishes to keep its leading part in the world's drama.

### The American Observer

A Weekly Review of Social Thought and Action

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# Britain's Attention Turns Again to India as Serious Problems Arise

(Continued from page 1)

themselves broken down further until there are nearly 3,000 different tribes and castes.

Much has been written concerning India's caste system. Although it is limited to the Hindus, they form so large a majority in India that their system is predominant. The system of castes is a vestige of ancient wars and conquests by which various peoples succeeded in dominating others. The wars are now over, but the castes remain nearly as rigid as ever. A person is born into a certain social stratum. If it happens to be the highest caste of all, the priestly group, he is exceedingly fortunate, and he will remain there all his life, no matter how incompetent or brainless he may be. On the other hand, an exceedingly brilliant Hindu born into the lowest of all castes, the "untouchables," remains throughout his life on the bottom where he was born, a person so lowly that he must not drink of certain wells, walk on certain roads, and his shadow must not be permitted to fall on one more highly born.

## Nation Divided

There are some 60,000,000 untouchables in India. A movement is under way at present to break down these castes, but the task will be long and arduous, and in the meantime it hangs like a millstone around the neck of India, hampering social advancement.

In addition, political unity is complicated by the manner of living in India. Transportation is inadequate, and means of communication are slow. Illiteracy is very high, perhaps 90 per cent, and thus the spread of ideas is difficult. Although western readers have heard much concerning India's great and crowded cities, such

Calcutta are two far-away, mysterious cities of which he himself knows little or nothing.

These villagers toiling to wrest a living from the soil account for nearly three quarters of India's population. Thus, of the principal countries of the world, India has the largest proportion of her population engaged in agriculture. Unfortunately, however, there are few peasants who are able to run their small plots of land even at a small profit. If the peasant happens to own his own plot, he is taxed heavily and in a good season just manages to get by. But if, because of drought, floods, or pestilence, his crop fails, he is forced to mortgage his farm to buy seed for another crop. Since the interest rates are appalling, ranging at times from 50 to 125 per cent, this is the beginning of the end for him, as an independent man.

The combination of heavy taxes, extremely high interest rates on farm loans, and increasing debt loads has placed a heavy burden upon the Indian peasants and upon the agriculture of India. The government's Central Banking Inquiry Committee recently revealed the country's total agricultural debt to be around \$3,500,000,000, while some other estimates run as high as \$4,000,000,000. Whichever figure is taken, the debt is immense, amounting to \$35 or \$40 a family. By American standards such a debt is not staggering, but against an average annual income of \$10 per family in India it certainly is. Matters have already gone so far that only six per cent of the peasants are free of debt, and 90 per cent can live only by borrowing.

So far our discussion has been limited to a review of the three main problems that disturb India, the pressure of a rapidly increasing population, the burden of agricultural taxation and debt, and the political and social disunity that prevails. However, there are movements in existence that aim toward the solution of these problems, and though there has been very little progress made, there is some room for hope.

## India's Status

The British government is the first unit one comes to when discussing the problems of India, for India is, after a fashion, governed by Britain. India's exact status is hard to define. Even the all-knowing Encyclopedia Britannica Year Book for 1938, in listing all the British dominions, colonies, territories, condominiums, and so forth, is stumped when it comes to India, and refers to it briefly as "in transition." Briefly, it might be said, that the link between India and Great Britain is through the British crown. George VI, for instance, is King of England, and Emperor of India. He is represented in the latter country by a viceroy and a corps of assistants.

But there is a strange tangle in India today which prevents the government of India from acting with vigor to meet the more pressing problems confronting it. The British, for instance, are limited in their own powers. They govern 11 states containing some three-fourths of India's population. The rest of the country consists of 650 native states ruled by princes who enjoy virtually unlimited personal powers. These princes are tied to Britain by alliances. They support British rule over the rest of India, then support the presence of British troops because Britain supports them. A third group consists of the peoples' mass parties and their leaders, the largest of which is the National Congress party in which Mohandas Gandhi has long been a leading spirit. Numerically the most powerful, this group exerts a strong influence even though its powers are limited. It presses for reform, but such pressure is resisted by the native princes, many of whom will go to almost any ends to maintain the *status quo*. Some of the peo-



STREET MARKET IN JAIPUR

GALLOWAY

ples' groups oppose British imperialism, and raise no particular objections, either to the caste system or to the power of the princes. Other groups insist that there is a community of interest between the British and the wealthy princes, and urge that both shall be opposed.

## State of Confusion

The net result is great confusion. Neither the British, the peoples' movements, nor the princes have enough power to rule with

force and vigor, but each group apparently enjoys enough strength to block united action by any other two. In 1935 the British India Act was passed, giving to the people of India a new constitution. It was a very complicated affair, and came as the long-delayed fulfillment of a promise of independence made by the British for Indian support during the World War. In effect, it gave the Indian parliament the real power in India. A clause giving the British

(Concluded on page 6, column 3)

## Vital Student Program in Action

BACK in 1933, when the country had only barely begun to climb out of the lowest depths of depression, a group of Philadelphia educators decided that the time was ripe to launch an experiment for high school youth. An organization known as the Civic Forum League was formed. It was composed of high school principals and teachers, together with faculty members of Temple University.

The experiment consisted of arranging student conferences for the purpose of discussing public problems. The leaders of the movement were convinced that high school students are not too young to study and discuss local, national, and international problems. It was their belief that in order to establish democracy on sounder foundations, the high schools of the nation must devote greater attention to citizenship training.

Since that time, a number of youth conferences have been staged by the Civic Forum League. They have covered a wide range of subjects. The students have also held mock political conventions, going through all the motions which characterize such affairs.

The latest of these all-day sessions was held a few days ago. As in the case of past conferences, the meeting place was Temple University. More than 500 students attended, most of whom were from high schools in Greater Philadelphia, although a number were from outlying districts of Pennsylvania and some were from neighboring states—New Jersey, Delaware, and Maryland. Altogether, 50 high schools were represented.

The topic of discussion this time was municipal and state problems, with main emphasis on the local situation. The conference, in accord with the usual custom, divided into groups, and each group discussed a particular phase of the general problem. In one room, for example, the city manager plan was discussed; in another, a new city charter for Philadelphia; another, local taxes; an-

other, financial support of schools, and many other problems of local concern.

It is unfortunate that students all over the country could not have witnessed this conference, for a large number of them, had they enjoyed such an opportunity, would have unquestionably been inspired into similar action when they returned home. They would have heard young people of their same ages discussing public problems with logic and clarity. They would have been impressed with the information which the Philadelphia students had acquired on the subjects they discussed.

The editors of THE AMERICAN OBSERVER have been urging this type of student participation for a number of years. It is highly encouraging, therefore, to observe the progress which is being made in various parts of the country. There are other schools in the nation which are engaging in experiments similar to the one in Philadelphia.

In order to help promote the growth of student discussion clubs, we have prepared a guide, in the form of a pamphlet, telling how to form such clubs, describing subjects which may be discussed, and community projects on which students may work, together with suggested reading material and organizations with which the student clubs may cooperate. As many as five of these pamphlets, which are entitled "Making Democracy Work—How Youth Can Do It," by Walter E. Myer and Clay Coss, may be obtained free of charge by writing to us. Additional copies may be purchased for 15 cents each.



PHILADELPHIA HIGH SCHOOL STUDENTS COME TOGETHER TO DISCUSS PUBLIC PROBLEMS



PART OF INDIA IS UNDER DIRECT BRITISH CONTROL, AND PART UNDER INDEPENDENT OR SEMI-INDEPENDENT PRINCES.

as Bombay and Calcutta, the Indian cities contain only a tiny fraction of India's population. The great bulk of the people spread into the hinterland and live in villages, of which there are 750,000; and in these villages life goes on today in much the same manner as it has for a thousand years. The village, usually a cluster of earthen huts with thatched roofs, is a complete unit in itself. Cut through with a crazy network of paths wide enough to permit passage by man or oxcart, the huts are grouped together for protection. On either side, the plain, the jungle, the swamp, or mountain rocks, as the case may be, stretches away and then there is another village.

## Indian Villager

The villager rarely goes far afield. The place he was brought up in is his home and his world. He rises early in the morning and works his small plot of land until sunset. He may own the land, or he may rent it. He may be engaged in raising rice, cotton, tea, or other vegetables. But the net result is about the same. His evening meal is frugal, consisting mostly of rice, and after it he often repairs to the center of the village for long conversations with his neighbors. His life varies little from day to day. What news he hears from the outside world comes by word of mouth from the next village. Bombay and





EMERGENCY MEETING

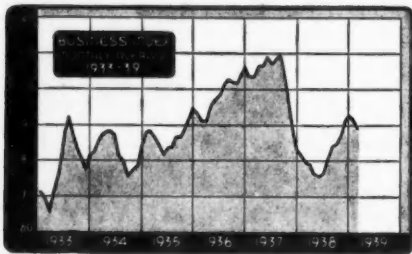
Hoping to get major legislative items out of important committees Majority Leader Barkley recently resorted to a rare move by calling a special meeting of committee head members. Left to right (seated): Henry Ashurst, chairman of the judiciary committee, Senator Barkley, Carter Glass, appropriations committee. (Standing) Elbert Thomas, education and labor committee, Pat Harrison, finance committee, Robert F. Wagner, banking and currency, Walter F. George, privileges and elections, and Morris Sheppard, military affairs.

## DOMESTIC

### Business and Government

When President Roosevelt addressed Congress on the state of the union two months ago, he said: "We have now passed the period of internal conflict in the launching of our program of social reform. Our full energies may now be released to invigorate the processes of recovery in order to preserve our reforms and to give every man and woman who wants to work a real job at a living wage."

It has become apparent since that time that recovery is indeed uppermost in the minds of the President and his advisers. No doubt



THE BUSINESS INDEX

the trend of business conditions since the first of the year has added to the President's eagerness to improve relations with business and thus promote recovery. During the last two months, there has been a slow but steady decline in business activity. This decline has not yet reached alarming proportions, and it may not do so, but it is serious enough to cause some anxiety to businessmen and to government officials—especially to those whose political future depends to a large extent upon improving economic conditions between now and 1940.

Many persons argue that the greatest obstacle to better business is lack of confidence on the part of businessmen—they are afraid that the Roosevelt administration will impose new restrictions and levy new taxes which will make business ventures unprofitable. Within the last few days there have been a number of developments which indicate that the administration is doing its best to banish this fear, to give businessmen confidence.

On the eve of his departure for a cruise in the Caribbean Sea (from which he has just returned), the President told reporters that he did not plan to ask Congress to raise or to levy any new taxes on business this year. That statement, he evidently hoped, would encourage investors and would result in more business activity.

A few days later in Washington, Secretary of the Treasury Morgenthau echoed his chief's words. "I am not counting on any new taxes," he said, and he urged Congress to make a study of present taxes to determine if they are holding business back. Secretary Morgenthau concluded: "The businessman should understand that the administration wants him

to go ahead, and legislation should be of such a nature that it will not be a deterrent, so the businessman can make a profit."

On the heels of these announcements came a speech by the new secretary of commerce, Harry L. Hopkins—the first that he has made since leaving the WPA to take over his new duties.

### Hopkins' Speech

Many businessmen had serious misgivings when the President appointed Harry L. Hopkins to his cabinet as secretary of commerce. As one of the inner circle of New Dealers, Mr. Hopkins has often been extremely critical of businessmen and industrialists. They, in turn, have been equally critical of him and his activities as head of the WPA. As secretary of commerce, Mr. Hopkins must work intimately with those who have most frequently been at odds with him. Observers throughout the nation wondered if it would be possible for the new secretary to patch up old quarrels and erase the differences of the last six years.

There was a brighter side to the picture, however. Although they had criticized the WPA, most businessmen admitted that Harry Hopkins had done his job extremely well. They respected his abilities as an administrator, and they recognized him as being absolutely honest and sincere. Furthermore, they knew that he is closer to the President than almost any other person in Washington. So it was predicted by some that perhaps Mr. Hopkins would turn out to be a great help to business in his new office.

That is why his first speech was awaited so eagerly, and why it has been examined so carefully. Before making it, Secretary Hopkins held long and earnest conversations with dozens of prominent businessmen and industrialists. But—although usually talkative—he declined to give any intimation as to what he planned to say.

The speech, which he delivered before the



THEME STRUCTURES

The Perisphere and Trylon, dominating edifices at the New York World's Fair, have been completed.

# The Week at Home

## What the People of the World Are

Economic Club of Des Moines, Iowa (Secretary Hopkins' home state), was definitely a step in the program to improve relations between business and government. It covered a great many subjects, and probably for that reason it was not very specific. But the tone throughout was friendly to business—quite different from speeches which Mr. Hopkins and other New Dealers have made in the past. It stressed the importance of economic recovery. It reiterated the President's statement that reform had now given way to recovery as the most important item before the nation. It opposed any increase in taxes on business. It praised the recent agreement between the federal government and the private utility companies of the Tennessee Valley. It touched on the need for a solution to the problems of agriculture, on the need for peaceful labor relations, and on numerous other matters. And in conclusion Secretary Hopkins said: "I have tried to state as forcefully as I can that it is our determination to make every move we know how to promote recovery and get people back to work on private jobs."

Most comment regarding the speech was favorable. There was some criticism based on the fact that it was too general, that the secretary had not suggested definite steps to be taken. But most observers agreed that it was impossible for Secretary Hopkins to be any more specific at the time, and that the speech vouched for his eagerness to bring about full cooperation between the government and business as rapidly as possible.

### For Labor Peace

It is generally agreed that the conflict within the ranks of organized labor has added to the disturbed conditions in business and industry. Shortly after Secretary Hopkins' speech in Des Moines, President Roosevelt took action intended to bring together the two great labor organizations, the American Federation of Labor and the Congress of Industrial Organizations. While the President was still cruising in the Caribbean, letters which he had written to William Green, head of the A. F. of L., and John L. Lewis, president of the CIO, were made public.

The letters were practically identical. They urged the chiefs of the organizations to appoint committees to negotiate a "peace with honor" between the two groups. The time is ripe for such a peace, the President declared.

Secretary of Labor Perkins has been quietly at work for several months preparing the way for the President's suggestion. Miss Perkins has talked with leaders of both organizations, and has reported to the President that "there appear to be no insurmountable obstacles to peace and that in fact there is a real and honorable desire for unification of the labor movement among all parties concerned."

Mr. Green has already appointed a three-man committee to represent the A. F. of L. in a conference. Although as this is written no committee from the CIO has been named, it is likely that Mr. Lewis will follow the President's suggestion.

No one can say how successful such a conference will be, of course. There are many differences which will have to be adjusted before the A. F. of L. and the CIO will ever merge to form one organization. But it is evident that both groups have much to gain by putting an end to the conflict between them, and it is evident that there is strong pressure from many sources for peace between them. The prospect seems to be brighter now than at any time since 1935, when the CIO came into existence.

### 150th Anniversary

Just 150 years ago last Saturday, the first Congress of the United States gathered in New York City. It was not an auspicious beginning for a new nation. Only eight of the 22 elected senators appeared for the opening session, and only 14 of the 59 representatives. Day after day the little group of legislators

assembled in Federal Hall (on which carpenters were still working), only to adjourn because there were not enough members present to do business. Bad roads prevented some of the members from arriving on time, but others had business to attend to at home which they thought more important than the meeting of the first Congress.



TRIUMPHANT ARCH?

HERBIE IN ROCK ISLAND ARGUS

Opponents of the federal government made fun of the failure of Congress to meet at the proper time. It was not until March 30 that a quorum of representatives was present, and the Senate did not begin its sessions until April 6. On that day Congress attended to its first duty—that of counting the electoral votes which determined that George Washington should be the first President of the United States.

### The Hines Trial

A tall, well-dressed man stood quietly in a New York court a few days ago and heard a grand jury pronounce him "guilty" on 13 different charges. The man was James J. Hines; his crime, that of being the politician



The International Settlement of Shanghai, which has in the past indicated that they may move.

who had protected New York gangsters and racketeers for many years. Sentence has not yet been pronounced on Hines, but he may have to serve up to 27 years in the penitentiary.

He does not look the part, but James J. Hines is an excellent example of the political "boss" discussed in last week's issue of THE AMERICAN OBSERVER. Politics has been his vocation—and he has been extremely successful at it. He began his rise to power before the World War, and for the last 20 years has been the strongest figure in Tammany Hall, the New York political machine of the Demo-

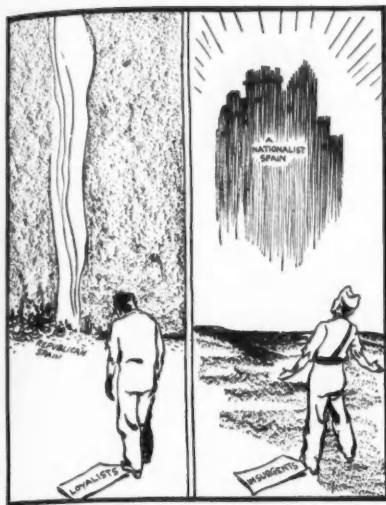


# Home and Abroad

## What We Are Doing, Saying, and Thinking

cratic party. He has never held public office himself, but he has named dozens of men to fill such positions.

Hines rose to power in the usual manner of political bosses. He spent thousands of dollars every year for food which he distributed among the voters of his district. Every June he entertained 20,000 boys and girls at a



CASTLES IN SPAIN  
MORRIS IN JERSEY JOURNAL

picnic in Central Park, and he passed out jobs to "deserving" assistants in return for their vote-gathering activities.

His conviction is a feather in the cap of Thomas E. Dewey, New York's young district attorney who is regarded as one of the Republican party's most promising men. For almost four years, Mr. Dewey has been at work on the case which finally led to Hines' arrest. In 1935 he began an investigation of the "policy racket," a gambling game. He followed one lead after another, until the trail led to Hines. The first trial, held last fall, was thrown out of court on a technicality. But the jury in the second trial, which lasted 29 days, took only a short time to decide that Hines was guilty of the charges brought against him by Mr. Dewey.



ACME

JAPANESE EFFECTIVE? The Japanese have been under the control of foreigners. The Japanese have brought it under their control.

## FOREIGN

### Trains from Paris

Two interesting and significant scenes were the order in the southeastern Paris railway terminals last week end. Into one, the Gare de Lyon, Manuel Azaña, former president of loyalist Spain, and 20 members of his Paris embassy staff, walked dejectedly and took the

train for Switzerland. Their departure was symbolic, for behind them they left empty the Spanish embassy, soon to be occupied by the accredited representatives of the Franco government. France had finally recognized the Franco government, as had her partner, Great Britain. Although news from Spain gave no clear picture of the situation, an unofficial armistice seemed to prevail, and the fighting seemed to be over. There were conflicting reports as to whether Franco had agreed to an amnesty or not. Some said he still clung to his refusal to promise that there would be no reprisals against the defeated loyalists, once they were disarmed and defenseless. Others said he had made a half promise. But the fact that Premier Juan Negrin had agreed to let the British supervise the withdrawal of loyalist government officials from Madrid indicated that for loyalist Spain the last hour had struck. Organized resistance was gone, and Francisco Franco was master of all Spain.

On that same Sunday, groups of Italians gathered under Italian flags in Paris railway stations, and then boarded trains for Italy. As the first train moved out of the station with 230 Italians on board, flags were waved from the windows, and shouts of "Long live Il Duce!" directed at the French guards. At Dijon 160 more Italians joined the first group. One hundred more left Marseille, while 300 sailed from Corsica. Observers were inclined to see this also as symbolic. But of what? Mussolini was calling Italians home from France. One reason given is that he needs man power, and needs more colonists for the desert wastes of Libya. Another is that now the war in Spain is about over, he is preparing to demand a showdown with France, and wishes to withdraw his countrymen first. If he would withdraw his Italians from Spain, as he is doing from France, the French would feel much more at ease. But so far he has shown no signs of so doing.

### Opera in Moscow

One of the most difficult tasks confronting Ivan Ivanovich, the average, simple citizen of the Soviet Union, is that of keeping abreast of the "party line," that complex series of policies adopted by the all-powerful Communist party toward art, science, literature, economics, and politics in general. It has been difficult largely because of the rapidity with which it has changed at certain periods. One group of men and ideas has been honored at literary teas one week, and jailed the next. A year or two later they may be honored once more, either because they have caught up with the "party line," or because it has been changed to include them.

The abrupt changes in Communist policy may perhaps be illustrated by an opera given recently at the Bolshoi Theater in Moscow. The audience gathered to hear and applaud one of the oldest and most famous Russian operas, Mikail Glinka's *A Life for the Czar*. It had a new name, to be sure, and the libretto had been altered slightly, but for the most part it remained as before, the story of a Russian peasant hero who sacrificed his life by leading Russia's enemies into a forest wilderness where, as a result of his scheming, they were destroyed. He had given his life for czar and country. A few years ago such a tale would have been heretical in the Soviet Union, where czarism and patriotism have been displaced by class consciousness and the doctrine of solidarity among workers.

But the audience which witnessed this brilliant spectacle in Moscow was not seriously disturbed, for there is a distinct revival of Russian nationalism now fast gaining ground. This movement has been encouraged by Soviet leaders. Old national heroes, long since in disrepute, are once more being brought out for acclaim. A recent motion picture, *Peter the Great*, eulogizing that hero, was said to have pleased Stalin greatly. Another Russian hero, Alexander Nevsky, is to be likewise honored presently. Thus strangely, before our eyes, we see the Soviet Union turning back to the old Russia, its political in-



WIDE WORLD

### THE POLES POLISH THEIR SWORDS

Knowing not what the future may bring, but determined to remain in a strong defensive position, the Poles are paying great attention to problems of military preparedness these days. The picture shows President Ignatz Moscicki, president of Poland, inspecting a detachment of soldiers.

stitutions notwithstanding, and the brilliantly lighted and crowded Bolshoi Theater which so recently praised only the toiling masses of the world, ringing in 1939 with Glinka's great chorus:

Glorify thyself, my homeland  
Glory to our native soil  
Forever unto eternity  
Mighty and strong, our native land!

### Ciano in Warsaw

The narrow cobbled streets of Warsaw rang with the clatter of cavalry and the cheers of bystanders recently as Count Galeazzo Ciano, Italian foreign minister, arrived in Poland on a good-will visit. The cheers for Ciano were probably genuine, for the Poles feel warmly toward Italy at present in consequence of Mussolini's support of the Polish Hungarian demands against Czechoslovakia, late last autumn.

But almost at the very moment that Ciano arrived, other streets resounded with the crash of breaking glass as angry crowds gathered to boo and denounce Nazi Germany, and to hurl missiles which shattered windows in the German embassy. All over Poland, as though by plan, anti-German riots taxed the best efforts of the police. The immediate cause of these riots was the treatment of Poles in the supposedly "Free" City of Danzig, which is now dominated by Germany. The Poles feel they are being gradually forced out of Danzig, and resent German pressure. Some people read into the anti-German riots the interpretation that the Polish government organized them at the time of Ciano's visit to show that Poland, while friendly to Italy, was not yet in the clutch of the Berlin-Rome axis.

Others regarded the riots merely as one manifestation of a growing resentment against the Nazis that is sweeping eastern Europe. Its effects were also seen in Hungary where the government, after recently signing the Berlin-Rome-Tokyo Anti-Comintern Pact, suddenly turned upon its Nazi party, abolished



WIDE WORLD

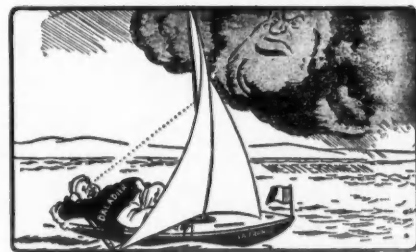
### NATIVE SOLDIERS

A sample of the native troops which France has trained in Tunisia.

it, and outlawed any future activities by it. In Rumania, King Carol's government continued its campaign to rout out and destroy the pro-Nazi Iron Guard, a few vestiges of which still remain. For some reason which is not yet clear, the small states of southeastern Europe do not seem to fear Germany as they did a few months ago. This would seem to indicate that estimates made after Munich, that it was only a question of months before all of eastern Europe fell into Hitler's lap, were probably overstated.

### Tension in Shanghai

Probably the most important and certainly the best-known section of Shanghai is the International Settlement, which is really a western city of a million people set down in the center of a Chinese metropolis. In existence ever since 1863, when the British



LET'S HOPE IT KEEPS FINE FOR HIM  
ORR IN GLASGOW JOURNAL

and American representatives combined their concessions, today this district embraces nearly a third of Shanghai's population, and contains most of the broad avenues, the modern skyscrapers, office buildings, docks, warehouses, factories, and other establishments that give it such a western appearance. Up until the current Japanese invasion of China, some half a billion dollars worth of trade flowed in and out of the Settlement yearly. The Settlement governs itself and runs its own police system.

So far the Japanese have left the International Settlement scrupulously alone in pushing their conquest over China. Although the Japanese troops flowed around the Settlement, they committed no act that would embroil them with foreign powers. Such a situation may be short-lived, however. There is now a great deal of agitation among the Japanese militarists for occupation of the Settlement, or for a greatly increased share in its government.

The immediate cause of the Japanese ambitions in this respect lies in a series of assassinations of Chinese who are serving as puppets for Japanese army rule. One after another the puppets have been shot down in the streets, in their homes, or in public places. So far, the Japanese have been unable to apprehend the assassins, but they are thought to be cleverly organized, patriotic Chinese. The Japanese claim they are using the International Settlement as a base, and that therefore, Japan must move into the Settlement to clear them out. Any such move, of course, would be an open challenge to Britain, the United States, France, and other powers in the Settlement.





PASTORAL VISIT—MEMORY OF THE OLD SOUTH

(From a painting by Richard Norris Brooks, which hangs in the Corcoran Art Gallery, Washington, D. C.)

## Historical Backgrounds

By David S. Muzzey and Paul D. Miller

### The Economic Decline of the South

**D**URING the last few years, various attempts have been made to place the southern section of the United States on a more equal economic footing with the rest of the nation. Governmental action of one kind or another has been taken. The states themselves have attempted to boost themselves economically by such devices as encouraging new industries to establish themselves in that region and make, the



DAVID S. MUZZEY

South less dependent upon cotton and a few other crops for its prosperity. It has long been recognized that the position of economic inferiority which the South has occupied since the Civil War is a problem of serious national concern. As is pointed out elsewhere in this issue of THE AMERICAN OBSERVER, the South's position is not due to lack of natural resources, inefficiency of the people, or other causes. Nature has been bountiful in its gifts to that region. And yet, for over three-quarters of a century it has not enjoyed a degree of prosperity comparable with that of other sections of the United States. The per capita wealth of that section is but half that of the nation as a whole. Although the 10 so-called cotton states make up between a third and a fourth of the total population of the country, they possess but one-eighth of the national wealth.

#### Basis of Disparity

The basis of this economic disparity between the South and the rest of the country lies deep in our national history. In fact, its roots go back to the early days of the republic. The South was built upon an agricultural foundation. Cotton was its staple crop and its prosperity depended largely upon the sale of cotton in the world market. Before the Civil War, four-fifths of the entire cotton crop was disposed of in the world markets. Even as late as 1929, cotton constituted the largest single item of export with more than half of the total production being sold abroad.

It was no accident that even in pre-Civil War days, the South was bitterly opposed to the tariff policy advocated by northern industrialists. In 1824, more than 30 years before the outbreak of the Civil War, the southern members of Congress voted almost as a unit against a tariff bill raising the duties on goods imported into this country. Only three out of a total of 67 congressmen from the South sup-

ported it. Nor is it without significance that it was a southern state, South Carolina, which voted to nullify a tariff act in the days of Andrew Jackson.

The fact is that the South has long known that since its prosperity depended so largely upon the exportation of agricultural products, a high-tariff policy could not but undermine its foundations. The southern states were obliged to sell their goods in a world market at a price which was not artificially boosted by the tariff. If they could have bought their manufactured goods under similar conditions; that is, at prices not made higher by import duties, they would have suffered no serious consequences. But for decades, that situation has not prevailed and they have been placed in a position of economic inferiority. Their wealth has been drained. The tariff has acted against them as a discriminatory tax.

#### Triumph of Industry

To find the beginning of this conflict over national economic policy one must go back to the days of Alexander Hamilton and Thomas Jefferson. The former sought a policy which would foster industries and make the United States a great industrial power; the latter wanted to discourage industrialization and a factory civilization, but to build up a nation of small independent farmers and shopkeepers. The protective tariff was one device by which Hamilton sought to accomplish his objective.

Even before the Civil War, it was apparent that this policy was triumphing. But the industrialists were not firmly and irremovably in the saddle until after the Civil War. The North's victory on the battlefield was accompanied by a no less important victory in the legislative halls. Politically as well as economically, the South was prostrate. It was no longer in a position to oppose those measures which would benefit industrialism at the expense of its agrarian economy. From 1860 to 1880, the value of manufactured goods increased 200 per cent. New industrial centers sprang up everywhere, and the economic structure of the nation underwent a profound transformation.

The rest of the story is familiar to all students of American history. Industry has continued to expand and monopolies have come to control a considerable portion of the nation's wealth. Governmental policies favorable to an industrial economy have been put into effect, with the result that the South, still depending upon agriculture for its prosperity, has been pushed further into depression. The South is today truly "the nation's number 1 economic problem."

## Locate Yourself!

Types of Students and Analysis of Prospects

### Type 20

**T**ODAY, as in former years, a considerable proportion of all young men entering high school contemplate a legal career. Law remains one of the most popular of the professions, and it does hold out bright prospects for the exceptional student. We should like to emphasize the word "exceptional," for, unless a young man has an unusually good intellect, is a conscientious student, and is willing to devote years of hard, substantial work to preparing himself, he had better look elsewhere than in the legal profession.

The legal profession is one of the more crowded fields today. Already there are more than enough lawyers to take care of the legal needs of the nation, and yet twice as many lawyers pass the bar examinations in the states each year as are needed to fill the vacancies of those who retire from practice. The law schools continue to enroll some 40,000 students each year. Of course, the exacting nature of the work causes many of them to drop out before they have been graduated, and approximately half of those who take the state bar examinations fail. Despite this high mortality rate, the country is still flooded with more lawyers each year than it needs.

The result is that the young lawyer has an extremely difficult time establishing himself. If he starts out in business for himself, he is likely to go through a starvation period when he will make hardly enough to support himself. If he obtains a position with an established law firm, his salary for the first few years will be low, probably no more than \$50 or \$75 a month. It is estimated that from a third to a fourth of all lawyers are unable to do more than eke out a bare existence.

At the other extreme are the successful lawyers who make really handsome salaries. An idea of the earnings of those in the upper brackets may be gained from the national average of all lawyers which, in 1936, was \$4,300. Since it is well known

that a large proportion of them earn no more than \$1,000, many of them making so little as to make them eligible for relief, the incomes of those in the upper ranks would have to be unusually good to bring the average to its high level.

Those who contemplate a legal career would do well to examine such facts as these and to think seriously before studying to become lawyers. Unless one is not among the upper half of his classmates and makes consistently good grades, he would do well to turn to some other field. One should be sure that he has the other qualities necessary to become a successful lawyer. He should have considerable speaking ability, be able to meet people and make friends easily, think logically and quickly, and, in general, have a pleasing personality.

If one is in doubt as to his qualifications, he would do well to study law as an experiment. He might well devote one year to the study of law. If, at the end of that time, he finds that he neither likes the work nor is in the upper half of the class, he should turn to something else. This time will not have been lost, for his studies will help him in many other lines of work. As a matter of fact, many young men study law as a preparation for careers in business, politics, or many other lines.



GALLOWAY

A COURTROOM SCENE

## India's Growing Problem

(Concluded from page 3)

viceroy the power of veto over any act passed was inserted to protect British interests, but there was added a gentlemen's agreement that the British would only use that veto power in emergencies.

The 1935 constitution might have worked if the gentlemen's agreement had been kept. But the Indian leaders soon found that the British were vetoing acts of the Indian parliament right and left, and that matters, therefore, were little better than before. That situation has endured down to the present time. The British, on their part, might like to withdraw altogether or to give the Indian parliament its desired powers, but they fear that India might break out in a series of continuous civil wars among the many opposition tribes and

religions and that other foreign powers, such as Japan or Russia, might try to replace them.

From the National Congress party the reaction has been different and, to some degree, unexpected. Formerly, that party merely opposed British imperialism and such wealthy Indians as allied themselves with it. Such was the policy of Gandhi, who advocated the policy of passive resistance. But today, that party is itself undergoing a change that was discussed in THE AMERICAN OBSERVER of February 13. The Gandhi faction has recently been confined to a minority position, and its place occupied by a more militant and more radical body. The new Congress party may prove to be more formidable than the old. Its platform is expected to go much further than opposition to British imperialism, and to demand higher taxes against the great wealthy families and a vigorous government program to lighten the debt load.

Before long, whatever group holds the balance of power in India will have to face the problem of the increasing population, and it is possible that this will be the task of the Congress party itself. The growing leftist tendencies foreshadow an attack upon the caste system. Movements toward limiting child marriages either by law, or by keeping girls at school until well into their teens are being considered in most places, and in some provinces they are being pressed. The act of Bombay province in freeing 40,000 serfs enslaved by long-standing farm debts is believed to be the first of a series of such moves which are necessary if India is to be placed upon an equitable social and economic basis.



FRANCES H. FLAHERTY

RURAL PROFILE IN INDIA

**M**OST people know Heywood Broun as a newspaper columnist. His daily column, *It Seems to Me*, appears in 42 papers which go to almost three million subscribers. But Mr. Broun takes an active part in the affairs of which he writes. As president of the American Newspaper Guild, a labor union within the CIO, he has contributed much toward the organization's successful development, during the last five years, to its present size and strength.

Heywood Broun had a national reputation as a writer long before he became actively interested in the labor movement, however. In 1910 he left Harvard (without graduating, since he could not pass an examination in French), and went to work as a reporter on the New York *Morning Telegraph*. He worked for New York papers for more than a decade, as a sports writer, a war correspondent, a dramatic critic, a book critic, an editor, and a special columnist. Most of that time he was employed on the old New York *World*. He left the *World*—by request—in 1928, when he criticized the paper's policies in an article written for *The Nation*. He has turned out an enormous amount of "copy" in the last 30 years, and his writing has appeared in many different publications. At present, besides his daily column, he writes for *The New Republic* and for several other magazines regularly.

His writing is smooth, sarcastic, often humorous, and always interesting. He is probably the most progressive of the important newspaper columnists—he ran for Congress in 1930 on the Socialist ticket, but later left the Socialist party—and many papers carry his column to balance the more conservative views of other writers. He is an enthusiastic admirer of President Roosevelt and the New Deal.

Mr. Broun spends most of his time on a farm in Connecticut at present. He is a large, genial man who rather prides himself on his sloppy appearance. His success as a labor union executive surprised many people who thought him too easygoing, too fickle in his enthusiasms, to keep at the task of building and maintaining a strong union.

**T**HE New Deal agency which works most directly with "big business" is the Securities and Exchange Commission. The fact that the SEC and the nation's large business firms have succeeded in getting along with a minimum of friction is largely



HEYWOOD BROUN

to the credit of William O. Douglas, head of the SEC. Mr. Douglas came to Washington in 1934 from Yale University, where he had been a member of the law faculty since 1927. During that time he had done some research into the causes of bankruptcy which brought him to the attention of important government officials, and which was largely responsible for his appointment.

Mr. Douglas' career is an excellent "success" story. He was born in Maine, Minnesota, where his father was a Presbyterian minister. He grew up and went to college in the state of Washington. But after two years as a school teacher there, he decided to become a lawyer, so he "hooked" a ride on a freight train to New York. In



WILLIAM O. DOUGLAS

1925 he was graduated from the law school at Columbia University—with six cents in his pocket.

At present, Mr. Douglas is leading the federal government's "monopoly" committee in an investigation of the nation's life insurance companies. The purpose of the investigation is not to prove that the companies are engaged in illegal and harmful practices. But Mr. Douglas believes that because they are so large, and because they wield such tremendous economic power through their investments, more should be known about them and their policies.

He has pointed out to the monopoly committee that life insurance companies have investments of approximately 27 billion dollars, that five companies are worth more than a billion dollars each, that one of them has assets of more than five billion dollars. The mere fact that they are so large does not mean that these companies have a detrimental effect on the nation's business. But it does mean that they wield a tremendous amount of influence through their investment policies, and it is this influence which Mr. Douglas and the



MANUEL AZANA

monopoly committee have been studying.

Mr. Douglas may soon be especially thankful that he was born and reared in the West. It is reported that President Roosevelt is seriously considering him for the vacancy on the Supreme Court. Since the Court is made up almost entirely of easterners, the President is said to be looking for a candidate with a western background.

**W**HEN Don Manuel Azaña left Paris by train last Sunday night, he was traveling not only into Switzerland but, for all he knew, into oblivion. There had probably never been a darker moment in his life. Said to have quit his post as president of loyalist Spain, his political career lay, with the remnants of loyalist Spain, in ruins.

Exile affects some people more than others. It will be particularly hard for Azaña because he is a great lover of Spain, its people, its literature and culture. Sixty years ago he was born in Alcala de Henares, which happened to be the birthplace of Spain's greatest classic writer—Miguel Cervantes. Azaña himself began his career as

a writer, and it has been said that even though he never held an office in his life he would still be widely known among the Spanish intelligentsia as the author of various plays, essays, and novels.

However intent upon Spain's past and her cultural heritage Don Manuel may have been, he never relaxed his study of the possibilities of achieving democracy in Spain. History showed him that the recent centuries in Spain have seen one popular movement after another crushed with the utmost brutality. He studied military strategy for many years, hoping that his knowledge of that subject might prove handy if the Spanish republic should ever be achieved and then threatened. It was achieved, in 1931, and Azaña was one of the six members of the first republican government. At various times he was premier, minister of war, and finally president. His military studies proved valuable in shaping the larger strategy of the Spanish civil war, but, apparently, not well enough. Unless there is some unexpected upset in Spain to change things radically, Azaña will have to be content with the status of author in exile.

**A**LTHOUGH his political power is not so strong today as it has been in recent years, Mohandas Gandhi is undoubtedly still the best-known and most-revered figure in India. The simplicity of his living, his almost birdlike appearance, and his infinite wisdom and patience have won him such an enormous following that peasants travel a score of miles just to watch his train pass in the distance.

Most of us know Gandhi as he is today—the frail little Hindu who is probably the most frugal of the world's leaders. But he has not always lived such a simple existence. Born into one of the highest of the Hindu castes, 70 years ago, he was brought up in strict observance of Hindu custom, marrying at the age of 13. It was not until he had finished high school and university, and set off for London for further study, that Gandhi broke away from custom, for members of his caste were not supposed to travel by sea. He found life in London too complicated, and suffered acutely while he was there. When he returned to India and took up the practice of law, he found himself too timid even to speak during his first case, and retreated, a failure, to South Africa.

It was in South Africa that the modern period of Gandhi's life was begun. He



MOHANDAS K. GANDHI

became leader of the Indian community almost at once, and there developed the theory of passive resistance to imperialist power. This theory, which was that the British could not put everyone in jail, worked very well, and he later returned to apply it in India where he set himself almost alone against the power of the British Empire. The success of Gandhi's nonviolence campaigns baffled the English for a time, and gained Gandhi millions of loyal followers. Before this humble little man, the British were forced to retreat all along the line. Today he is cooperating with the British under the 1935 constitution. The secret of his power is difficult to perceive. John Gunther calls him "incredible."

## Something to Think About

### Are You Sure of Your Facts?

1. How do the wages of industrial workers in the South compare with those of other sections of the country? the income of southern farmers?
2. How has the South been affected by the tariff? by freight rates?
3. What are some of the leading minerals of the South? agricultural products?
4. What are the two principal religious groups of India?
5. What is meant by the caste system of India and how does it affect the people?
6. What is the present population of India?
7. Give three recent indications that the Roosevelt administration is anxious to establish more friendly relations with business.
8. What anniversary was celebrated last Saturday?
9. What new move has been made toward establishing peace between the American Federation of Labor and the Congress of Industrial Organizations?
10. What action for the democracies does Clarence K. Streit propose in his book, "Union Now"?

### Can You Defend Your Opinions?

1. What action do you think should be taken by the federal government to improve economic conditions in the South? What other action would be helpful?
2. What do you think would be the effects of a broad program of industrialization in the South?

3. What do you think would be the effects of the granting of complete independence to India?

4. Would you be in favor of a program similar to that outlined by Clarence K. Streit in his book as a means of insuring world peace?

5. What policies do you think the federal government should adopt or abandon in order to promote business recovery in this country?

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**REFERENCES ON INDIA:** (a) The Incredible Mr. Gandhi, by John Gunther. *Reader's Digest*, December 1938, pp. 112-126. (b) The Dreamlike World of India, by C. G. Jung. *Asia*, January, 1939, pp. 5-8. (c) What India Can Teach Us, by C. G. Jung. *Asia*, February 1939, pp. 97-98. (d) New Ferment in India, by J. Gunther. *The Nation*, February 19, 1938, pp. 203-206. (e) India Tackles Her Problems, by J. Nehru. *Living Age*, October 1938, pp. 112-117.

**PRONUNCIATIONS:** Mohandas Gandhi (moe-hahn'dahs gahn'dee), Alcala de Henares (ahl-kah-lah' day' ay-nah'rays), Miguel Cervantes (mee-gail' thair-vahn'tays), Himalayas (hi-mah'lay-ahs), Galeazzo Ciano (gah-lay-at'zoe chah'noe), Danzig (dahn'tzig), Juan Negrin (hwahn' nay-green'), Dijon (dee'-zhone), Gare de Lyon (gahr' duh' lee-oan'), Marseille (mar-say'), Libya (lib'ia).



# South's Position in Nation's Economy

(Concluded from page 1)

survey of the South disclosed that the average annual wage in industry was only \$865 while in the remaining states it averaged \$1,219.

What all this means in terms of human life is not difficult to imagine. Not only does it mean that large sections of the population live at the poverty—almost the starvation—level of existence. It means the prevalence of preventable disease, the general undermining of health standards. It means lower educational standards; "the South must educate one-third of the nation's children with one-sixth of the nation's school revenues." Thus, by every standard of measurement, the South suffers as a result of its economic impoverishment.

## Human and Natural Resources

The disparity between the South and the other sections of the country is not due to any inferiority in the people or to a lack of natural resources essential to produce high standards of living. The 13 states which form the South, stretching in crescent form from Virginia down to Florida and over to Texas, have been as richly endowed by nature as any other section. Of

duced in the South and the same proportion of the natural gas. Yet, as the President's committee declared:

In spite of this wealth of population and natural resource, the South is poor in the machinery for converting this wealth to the uses of its people. With 28 per cent of the nation's population, it has only 16 per cent of the tangible assets, including factories, machines, and the tools with which people make their living. With more than half the country's farmers, the South has less than a fifth of the farm implements. Despite its coal, oil, gas, and water power, the region uses only 15 per cent of the nation's factory horsepower. Its potentialities have been neglected and its opportunities unrealized.

The paradox of the South is that while it is blessed by nature with immense wealth, its people as a whole are the poorest in the country. Lacking industries of its own, the South has been forced to trade the richness of its soil, its minerals and forests, and the labor of its people for goods manufactured elsewhere. If the South received such goods in sufficient quantity to meet its needs, it might consider itself adequately paid.

## Complex Causes

Certain of the causes of the South's position of economic inferiority are discussed elsewhere in this issue of THE AMERICAN OBSERVER (see page 6). Dependence upon cotton as a purveyor of prosperity has resulted in a fundamental weakness. The national tariff policy has worked to the disadvantage of the South and has forced the people of that region to pay a tax upon the manufactured products which they require.

Another cause of the South's plight is the system of freight rates which is in force. In many instances, manufactured goods shipped from South to North pay a higher freight rate than do similar goods shipped the same distance within the northern region, thus placing the South at a disadvantage in competing with other sections of the country. The governors of certain of the southern states have petitioned the Interstate Commerce Commission for a reduction of freight rates to wipe out these differentials.

Important as these factors are in determining the South's economic position, they by no means tell the whole story. The heart of the problem lies in the discovery of some means of increasing the purchasing power of the

entire section so that the inhabitants may buy more products of farm and factory. From the national standpoint, as well as from that of the South itself, it would do little good to establish industries in that region if the products were shipped to other sections. The standards of living of the people would not be greatly increased and industries in other regions would suffer from the competition.

As has already been pointed out, the South is peculiarly well suited to the establishment of industries. It has the raw materials and the power resources for manufacturing. Coal, oil, and water supplies are abundant and could be utilized for a gigantic program of industrialization. Considerable advances along this line have already been made, the value of manufactured products from that region having increased manifold since the beginning of the century. Yet the surface has hardly been scratched so far as the full potentialities of the region are concerned.

## A Vicious Circle

The whole problem of the South's economy narrows down to a vicious circle: southern industry cannot develop because the people are too poor to buy the products of industry, especially in rural sections; at the same time, proper diversification and the creation of a sounder agricultural foundation are hampered by the lack of nearby rich industrial communities to furnish a market for vegetables, dairy products, and other farm produce. The problem is com-

plicated by the fact that industrial wages are low—from 30 to 50 per cent below the national level—with the result that total industrial purchasing power is proportionately curtailed.

It is admitted on all hands that the central problem of the South is to bring about a proper balance between industry and agriculture, so that each may stimulate the other and produce a general rise in the standard of living. This could be accomplished largely by establishing industries in the South which would not compete too severely with industries in other parts of the country. Those who have studied the problem most thoroughly believe that the solution lies in bringing to the South those industries which are best adapted to the particular needs of the region. According to Howard W. Odum of the University of North Carolina, the following tests should be applied:

"If the industry is a new one in the nation, not therefore involving competition with or injury to already established concerns in other regions; if it is both adapted to and needed in the region; if its development advances both technical aspects of industry and industrial well-being; if it aids in balancing the regional economy; if it can also promote certain interregional advantages, such as economic distribution and manufacture of products and stimulate national industry; if it advances the general culture level of the region and stimulates the inflow of capital and personnel; then, the case is clear and awaits only the practical and technical ways of development."

## A National Problem

A few of the industries which would meet these requirements include the production of stainless steel, dairy products for local consumption, medicines, cottonseed oil and tung oil products, paper ceramic products.

The present state of disequilibrium has an adverse effect not only upon the South but upon the nation as a whole. The South offers a great potential market for the products of the other sections of the country. The people need and want houses,

radios, foods of all kinds, clothing. They need and want electrical equipment and plumbing fixtures and household equipment of all kinds. They need farm equipment. They need hundreds of other products, industrial and agricultural, turned out elsewhere in the nation. They cannot buy them because their purchasing power is limited. At the same time, other sections of the country could profitably use the things which the South is capable of producing. Until the present deadlock can be broken, the entire nation will suffer along with the South.

Those most familiar with the South and its problems believe that the next few years will see marked changes in that region as a more concerted drive is made to solve the problem of general impoverishment. The federal government is attempting to raise the standards in certain sections through the activities of the Tennessee Valley Authority and other agencies. Among far-sighted southern leaders there has come a general recognition that dependence cannot be placed upon a single crop but that prosperity must come through a well-balanced industrial and agricultural program. When that goal is achieved, the South will have gone far toward solving its problem.



AGRICULTURAL PATTERN

Cotton dominates the southern agricultural scene. At times it has brought wealth to Southerners, but for the most part it has been at the root of most of the region's perplexing problems.

the 36 million inhabitants, a larger proportion, 98 per cent, are native born than in any other region.

Altogether there are more than half a billion acres of land in these 13 states. The topography varies from vast prairies, wooded plains, fertile valleys, to the highest mountain range in the eastern part of the country. The South has an abundance of water supply. There is ample rainfall and the soil is generally good. The climate is such as to permit cultivation of crops during a large part of the year. A wide variety of crops is grown: cotton, tobacco, grains, fruits, melons, vegetables, potatoes, hay, nuts, sugar cane, hemp, and dozens of others. The South leads the world in the production of cotton and tobacco. It contains 40 per cent of the nation's forests, thus possessing great potentialities for the production of paper and other wood products.

In minerals, the South is equally bountifully endowed. Altogether, there are more than 300 different minerals: asbestos, asphalt, barite, bauxite, clays, coal, diamonds, feldspar, fluorspar, gypsum, lead, limestone, marble, mercury, phosphate rock, pyrites, salt, sand and gravel, silica, sulphur, zinc, many others. It contains fully a fifth of the country's soft coal, only a small fraction of which has yet been tapped. Its iron ore deposits are plentiful. It contains more than a fourth of the hydroelectric generating capacity, 13 per cent of the undeveloped hydroelectric capacity. About two-thirds of the crude oil is pro-



GALLOWAY AND FSA BY LANGE

ADVANTAGE AND DISADVANTAGE  
The development of industry is helping to bring greater prosperity to the South, but not enough to banish the poverty which is symbolized by the lonely share-cropper's cabin.

## Smiles

The small boy was taking part in a local concert. He was only seven years old, and sang so well that he was encored.

"Well, Harold, and how did you get on?" asked his father when he returned home.

"Why, I thought I had done all right," replied Harold, "but they made me do it again."  
—PEARSON'S

"So you are going to study the theory of music," said Mabel's father.

"Yes, Dad."  
"Well, I hope the theory will be better than the practice."  
—CLIPPED



"I THINK I CAN HEAR HIM. HE SAYS HE'D LIKE A SMALLER SIZE!"  
ROTH IN BOYS' LIFE

Fur Dealer (during sale): "I'm telling you, I can let you have that caracul coat for \$100, and it's sheep at that price."  
—FROTH

There is one super-honest brokerage house. It advertises: "Let us place your name on our waiting list."  
—EXCHANGE

"I hear the latest fashion is for invisible stockings."  
"I shall not believe that until I see them."  
—KOLNISCHE ILLUSTRIERTE

"What's the idea of the Smiths taking French lessons?"  
"Why they've adopted a French baby and want to understand what it says when it begins to talk."  
—CAPPER'S WEEKLY

"There's a story in this paper of a woman who used a telephone for the first time in 25 years."  
"She must be on a party line."  
—CLIPPED

"You don't think my guests would walk off with my umbrellas and sticks?" said an English gentleman, observing his Scottish butler, prior to a dinner party, removing the contents of the hall stand to the closet.  
"No, sir, but they might recognize them," was the reply.  
—KENTISH MERCURY

A man in Cambridge, Massachusetts, is reported to have seen the same movie 144 times. Alas, who hasn't?  
—PORTLAND OREGONIAN

The Chinese invented civilization centuries ago, and what has it ever got them?  
—WASHINGTON POST

"When is your sister thinking of getting married?"  
"Constantly."  
—CLIPPED